

Statutes of Interest to County Tax Collectors

as Amended by the Statutes of 1998



KATHLEEN CONNELL
California State Controller

October 1998



KATHLEEN CONNELL
Controller of the State of California

October 15, 1998

**To the County Tax Collectors and
Citizens of the State of California:**

I am pleased to present the 1998 edition of *Statutes of Interest to County Tax Collectors*. This booklet is a product of the State Controller's Office's ongoing endeavor to keep county officials and concerned citizens apprised of new laws affecting the various aspects of property tax collection.

The information is presented in code section order. New code section text is shown in bold italics, while repealed text appears in strike-through type.

Additional copies are available on our Web site at <http://www.sco.ca.gov>.

Sincerely,

A handwritten signature in black ink, which appears to read "Kathleen Connell". The signature is fluid and cursive, written over a light background.

KATHLEEN CONNELL
California State Controller

TABLE OF SECTIONS AFFECTED

October 15, 1998

(AD) Added
(AM) Amended
(RE) Repealed

NOTE: Text appearing in bold italics indicates the new language added to the code section. Strike-through type indicates text which was deleted from the code section.

REVENUE AND TAXATION CODE

<u>Code Section</u>	<u>Action</u>	<u>Effective Date</u>	<u>Bill Number</u>	<u>Chapter Number</u>	<u>Page No.</u>	<u>Description</u>
53.5	AD	1/1/99	AB 1246	226	2	Valuation of Mining & Mineral Property
			AB 1246	226	2	Valuation of Mining & Mineral Property Legislative Intent
97.361	AD	1/1/99	AB 1782	528	2	Teeter Calculation
107.9	AD	6/30/98	AB 2318	85	3	Taxation of Airline Property
401.15	AD	6/30/98	AB 1807	86	5	Taxation of Airline Property
2196	AM	1/1/99	SB 2233	497	8	Removal of Invalid Lien Shall be Signed by the Tax Collector or Deputy
2511.1	AM	1/1/99	SB 2233	497	8	The County May, Rather than Shall Impose a Fee for the Use of a Credit Card to Pay Taxes
2611.6	AM	1/1/99	AB 1933	342	9	Information on the Tax Bill
3372	AM	1/1/99	SB 2233	497	10	Street Address No Longer Required in the Newspaper Publications
3446	RE	1/1/99	SB 2233	497	11	Summary Statement of Tax-Defaults
3447	RE	1/1/99	SB 2233	497	11	Summary Statement of Tax-Defaults
3448	RE	1/1/99	SB 2233	497	12	Summary Statement of Tax-Defaults
3691.1	AM	1/1/99	SB 2233	497	12	Elimination of Notification to the Controller
3691.2	AM	1/1/99	SB 2233	497	12	Notice of Power to Sell No Longer Sent to the Controller
3691.4	AM	1/1/99	SB 2233	497	13	Notice of Power to Sell Retained by the Tax Collector

<u>Code Section</u>	<u>Action</u>	<u>Effective Date</u>	<u>Bill Number</u>	<u>Chapter Number</u>	<u>Page No.</u>	<u>Description</u>
3691.5	AM	1/1/99	SB 2233	497	13	Notice of Power to Sell Retained by the Tax Collector
3691.6	AD	1/1/99	SB 2233	497	13	The Controller May Request a Report on the Disposition of Tax-Defaulted Property
3692	AM	1/1/99	SB 2233	497	13	Controller's Approval No Longer Required to Sell Tax-Defaulted Property
3694	AM	1/1/99	SB 2233	497	14	Controller's Approval No Longer Required to Sell Tax-Defaulted Property
3700	AM	1/1/99	SB 2233	497	14	Controller's Approval No Longer Required to Sell Tax-Defaulted Property
3700.5	AD	1/1/99	SB 2233	497	15	Notice of Sale to the Controller
3701	AM	1/1/99	SB 2233	497	15	Controller's Approval No Longer Required to Sell Tax-Defaulted Property
3708	AM	1/1/99	SB 2233	497	15	Copy of Tax Deed No Longer Sent to the Controller
3715	RE	1/1/99	SB 2233	497	16	Tax Collector No Longer Required to Report Disposition of Tax-Defaulted Property to the Controller
3731	AM	1/1/99	SB 2233	497	16	Copy of Rescission of Tax Deed No Longer Sent to the Controller
3772.5	AM	1/1/99	AB 2803	485	17	Technical Correction
3793.1	AM	1/1/99	SB 2233	497	17	The Tax Collector May Lower Purchase Price for Ch. 8 Sales if the Property has been Offered Once and No Bids were Received
4106	AM	1/1/99	SB 2233	497	18	Redemption Certificate No Longer Sent to the Controller
4112	AM	1/1/99	SB 2233	497	18	Fee to Prepare to Conduct a Tax Sale Becomes Part of the Redemption Amount - Rescission of Notice of Power to Sell No Longer Forwarded to the Controller
4701	AM	1/1/99	AB 1782	528	19	Secured Roll May Include Supplemental Roll When Calculating the 1-Time ERAF Reduction
4803	RE	1/1/99	SB 2233	497	19	Disposition of Tax-Defaulted Property No Longer Reported to the Controller
4807	AM	1/1/99	SB 2233	497	20	Tax Collector May Request Reasonable Attorney's Fees in Bankruptcy Proceedings
4839	RE	1/1/99	SB 2233	497	20	Tax Collector No Longer Required to Notify the Controller of Errors in Notices of Power to Sell
4992	AM	1/1/99	SB 2233	497	20	Cancellation of Notice of Power to Sell No Longer Sent to the Controller

<u>Code Section</u>	<u>Action</u>	<u>Effective Date</u>	<u>Bill Number</u>	<u>Chapter Number</u>	<u>Page No.</u>	<u>Description</u>
5096.3	AD	6/30/98	AB 1807	86	21	Taxation of Airline Property
		6/30/98	AB 1807	86	23	Taxation of Airline Property - Legislative Intent
5103	AD	1/1/99	SB 30	87	23	Tax Refund Credit

CODE OF CIVIL PROCEDURE

<u>Code Section</u>	<u>Action</u>	<u>Effective Date</u>	<u>Bill Number</u>	<u>Chapter Number</u>	<u>Page No.</u>	<u>Description</u>
338	AM	1/1/99	AB 1933	342	24	Challenging the Validity of a Special Tax

GOVERNMENT CODE

<u>Code Section</u>	<u>Action</u>	<u>Effective Date</u>	<u>Bill Number</u>	<u>Chapter Number</u>	<u>Page No.</u>	<u>Description</u>
24353	AM	7/13/98	AB 1301	146	26	Tax Collector's Report to the Auditor
26726	AM	1/1/99	SB 1862	160	26	Keeper Fees
27000.8	AM	1/1/99	AB 2052	470	27	Education Requirements for Elected County Treasurers and Tax Collectors
27000.9	AM	1/1/99	AB 2052	470	27	Education Requirements for Appointed County Treasurers and Tax Collectors
53087.4	AM	1/1/99	AB 1933	342	28	Special Parcel Tax Collected on the Tax Bill
53356.9	AD	1/1/99	AB 2307	113	28	Easement Survives Foreclosure and Sale of Property

CONSTITUTIONAL PROVISIONS

<u>Action</u>	<u>Bill Number</u>	<u>Chapter Number</u>	<u>Page No.</u>	<u>Description</u>
Will be presented to the Voters in the Next General Election	ACA 22	60	30	Transfer of Base Year Value – Environmental Problems

Foreword

Statutes of Interest to County Tax Collectors is published to provide comprehensive information on new, significant legislation enacted in 1998 that added, amended, or repealed sections of the California Codes as well as proposed Constitutional Provisions to be presented to the voters in November.

The items in this publication are listed by code section. The Table of Sections Affected lists the code section, whether it was added to, amended, or repealed, the effective date, the bill number, the chapter number, the page number of the actual text, and a brief description of the subject matter. Within the text, bold italicized type indicates new language added to a code section. Language that has been deleted from a code section is indicated by strike-through type.

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REVENUE AND TAXATION CODE

VALUATION OF MINING & MINERAL PROPERTY ASSEMBLY BILL 1246 CHAPTER 226

Section 53.5 is added to the Revenue and Taxation Code, to read:

53.5. With respect to property that is subject to valuation as mining or mineral property, the initial base year value of a leach pad, tailing facility, or settling pond on that property shall be the full cash value of that leach pad, tailing facility, or settling pond as of the first lien date upon which that pad, facility, or pond is subject to assessment. Each leach pad, tailing facility, or settling pond shall be considered a separate appraisal unit for purposes of determining its taxable value on each lien date subsequent to the lien date upon which the initial base year value was determined for that pad, facility, or pond.

VALUATION OF MINING & MINERAL PROPERTY - LEGISLATIVE INTENT ASSEMBLY BILL 1246 CHAPTER 226

The Legislature finds and declares both of the following:

(a) The unique nature of certain mining processes used in extracting nonfuel minerals creates changes to the condition of real property that are difficult to categorize for property tax purposes as either fixtures or long-term capital improvements to real property.

(b) Because of the difficulties described in subdivision (a), it is necessary for the Legislature to create a special category for leach pads, tailings facilities, and settling ponds as separate appraisal units in order to more accurately reflect their declining value as an integral part of the mining process.

TEETER CALCULATION ASSEMBLY BILL 1782 CHAPTER 528

Section 97.361 is added to the Revenue and Taxation Code, to read:

97.361. Any reduction amount determined for a county pursuant to subdivision (a) of Section 97.36 that is not applied to the benefit of that county in that county's designated fiscal year, as defined in Section 97.36, may not be so applied in a later fiscal year, regardless of any increase in the amount of revenues allocated in that county to qualifying school entities as a result of the county's adoption of the alternate procedure for the distribution of property tax levies authorized by Chapter 2 (commencing with Section 4701) of Part 8.

**TAXATION OF AIRLINE PROPERTY
ASSEMBLY BILL 2318
CHAPTER 85**

Section 107.9 is added to the Revenue and Taxation Code, to read:

107.9. (a) In addition to any taxable real property interests that an operator of certificated aircraft has at a publicly owned airport that are interests stated in a written agreement for terminal, cargo, hangar, automobile parking lot, storage and maintenance facilities and other buildings and the land thereunder leased in whole or in part by an airline (hereafter the "excluded possessory interests"), there exists an ***additional taxable possessory interest conferred upon an operator of certificated aircraft at a publicly owned airport.***

(b) Notwithstanding any other provision of law relating to valuation, for assessments for the 1998-99 fiscal year, and each fiscal year thereafter, (1) regular assessments of all taxable real property interests of the operator of certificated aircraft at a publicly owned airport, other than the excluded possessory interests, and (2) timely escape assessments upon the real property interests governed by this section issued on or after April 1, 1998, pursuant to Sections 531 and 531.2, shall be presumed to be valued and assessed at full cash value for these interests only if the assessor uses the following direct income approach in capitalizing net economic rent:

(1) The economic rent shall be computed by using one-half of the landing fee rate used to calculate the 1996-97 assessment for real property interests, other than excluded possessory interests, multiplied by the aggregate weight of landings by the operator for the airport's fiscal year prior to the 1996 lien date. The one-half of the landing fee rate used to compute the 1996-97 economic rent shall be annually adjusted in accordance with the percentage change, rounded to the nearest one-thousandth of 1 percent, from October of the prior fiscal year to October of the current fiscal year in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations, except that in no instance shall this adjusted rate exceed one-half of the airport's actual landing fee rate for the last full fiscal year. The economic rent shall also be adjusted in proportion to the increase or decrease in the aggregate weight of landings by the operator for the last full fiscal year at each airport in the taxing county. In the case of a new operator, the economic rent shall be determined by reference to a similarly situated operator.

(2) The expense ratio shall be the ratio used by each county for the 1996 lien date.

(3) The capitalization rates shall not exceed, or be less than, the rates used by each county for the 1996 lien date, except that they shall be annually adjusted in proportion to the changes in the "Going-in Cap Rate; All Types" as published by the Real Estate Research Corporation, and, as so adjusted, shall be rounded to the nearest one-half percent. If this information ceases to be published by the Real Estate Research Corporation or the format significantly changes, a publication or adjustment agreed to by the airlines and the taxing counties shall be substituted.

(4) The term of possession for each operator shall be the term used by each county to calculate the 1996-97 assessment, but shall not exceed a maximum term of 20 years. Subject to paragraphs (1) to (3), inclusive, of subdivision (b) of Section 61 as applied to interests subject to this subdivision, changes of ownership and term of possessions shall be determined as follows:

(A) In the case of the creation, renewal, extension or assignment of an operating agreement or permit, without the concurrent creation, renewal, extension or assignment of a terminal, hangar, or cargo facility agreement, no change in ownership will be presumed to have occurred and the term of possession shall be the term used by each county for their 1996-97 assessments, not to exceed a maximum of 20 years.

(B) In the case of the creation, renewal, extension or assignment of a terminal, hangar, or cargo facility agreement, a change in ownership will be presumed to have occurred and the term of possession shall be the actual term stated in the written terminal, hangar, or cargo facility agreement, provided that the term shall not be less than 10 years or exceed 15 years.

(C) In the case of any operator without a terminal, hangar, or cargo facility agreement, the actual creation, renewal, extension or assignment of a written operating agreement or permit shall constitute a change in ownership and the actual term of the operating agreement for that carrier will be used, provided that the term shall not be less than 5 years or exceed more than 15 years.

(5) Nothing in this subdivision is intended to apply to the determination of a term of possession for a possessory interest in an excluded possessory interest.

(c) Notwithstanding subdivision (b), in a county in which 1995-96 landing fees were not used to calculate the 1996-97 assessment, the county shall benefit from the presumption of correctness set forth in subdivision (b) only if the assessor uses the following direct income approach in capitalizing net economic rent:

(1) The calculations required in subdivision (b) are performed using the assessment that would have been derived in the 1996-97 fiscal year had the assessor followed the methodology set forth in subdivision (b) using actual airport data for the 1995-96 fiscal year.

(2) If any portion of the airport's landing fee rate for the 1995-96 fiscal year was in dispute and resulted in the creation of an escrow account for a portion of the landing fees paid, that portion of the landing fee rate attributable to the escrowed funds shall not be included in the calculations performed in paragraph (1). However, if the dispute is resolved, in whole or in part, in favor of the publicly owned airport and all or a portion of the escrowed funds are released to the airport, the assessor shall, without regard to any other statutorily imposed time limitation, be entitled to recalculate the assessments required by this subdivision using an adjusted landing fee rate that reflects a final decision on the disposition of escrowed funds to produce escape assessments for all affected years.

(d) Value shall be determined as follows:

(1) Economic rent shall be calculated by applying the expense ratio described in paragraph (2) of subdivision (b) to reduce gross income determined pursuant to paragraph (1) of subdivision (b) or (c) and paragraph (2) of subdivision (c) to arrive at an amount that shall be deemed to be equivalent to economic rent.

(2) Economic rent, as so determined, shall be capitalized for the term provided for in paragraph (4) of subdivision (b) at the capitalization rate determined in accordance with paragraph (3) of subdivision (b).

(e) Assessments under this section shall not exceed the factored base year value established under Article XIII A of the California Constitution. However, adjustments made in aggregate landing weights under this section are deemed to be a valid basis for adjusting the base year value to the extent of the percentage change in landed weights for purposes of Article XIII A of the California Constitution.

Pursuant to Section 65.1, adjustments in aggregate landing weights shall not be considered a change in ownership or a basis for applying a new term of possession in the airlines' preexisting real property interest.

TAXATION OF AIRLINE PROPERTY ASSEMBLY BILL 1807 CHAPTER 86

Section 401.15 is added to the Revenue and Taxation Code, to read:

401.15. (a) Notwithstanding any other provision of law, for any county that makes available the credits provided for in Section 5096.3, the full cash values of certificated aircraft for fiscal years to the 1997-98 fiscal year, inclusive, are presumed to be those values enrolled by the county assessor or, in the case of timely escape assessments upon certificated aircraft issued on or after April 1, 1998, pursuant to Sections 531, 531.3, and 531.4, the values enrolled upon those escape assessments, provided the escape assessment is made in accordance with the methodology in subdivision (b). For escape assessments for fiscal years to the 1997-98 fiscal year, inclusive, the assessor shall use the methodology and minimum and market values set by the California Assessors' Association for the applicable fiscal year in lieu of the methodology set forth in subparagraph (C) or (D) of paragraph (1) of subdivision (b). The assessor is not required to revise or change existing enrolled assessments that are not subject to escape assessment to reflect the methodology in this section. Nothing in this section precludes audit adjustments and offsets as set forth in Section 469 or the correction of reporting errors raised by an airline. Nothing in this section affects any presumption of correctness concerning allocation of aircraft values.

(b) (1) For the 1998-99 fiscal year to the 2002-03 fiscal year, inclusive, and including escape assessments levied on or after April 1, 1998, for any fiscal year to the 2002-03 fiscal year, inclusive, except as otherwise provided in subdivision (a), certificated aircraft shall be presumed to be valued at full market value if all of the following conditions are met:

(A) Except as provided in subparagraph (D), value is derived using original cost. The original cost shall be the greater of the following:

(i) Taxpayer's cost for that individual aircraft reported in accordance with generally accepted accounting principles, so long as that produces net acquisition cost, and to the extent not included in the taxpayer's cost, transportation costs and capitalized interest and the cost of any capital addition or modification made before a transaction described in clause (ii).

(ii) The cost established in a sale/leaseback or assignment of purchase rights transaction for that individual aircraft that transfers the benefits and burdens of ownership to the lessor for United States federal income tax purposes.

If the original cost for leased aircraft cannot be determined from information reasonably available to the taxpayer, original cost may be determined by reference to the "average new prices" column of the Airliner Price Guide for that model, series, and year of manufacture of

aircraft. If information is not available in the "average new prices" column for that model, series, and year, the original cost may be determined using the best indicator of original cost plus all conversion costs incurred for that aircraft. In the event of a merger, bankruptcy, or change in accounting methods by the reporting airline, there shall be a rebuttable presumption that the cost of the individual aircraft and the acquisition date reported by the acquired company if available, or the cost reported prior to the change in accounting method is the original cost and the applicable acquisition date.

(B) Original cost, plus the cost of any capital additions or modifications not otherwise included in the original cost, shall be adjusted from the date of the acquisition of the aircraft to the lien date using the producer price index for aircraft and a 16-year straight-line percent good table starting from the delivery date of the aircraft to the current owner or, in the case of a sale/leaseback or assignment of purchase rights transaction, as described in this section, the current operator with a minimum combined factor of 25 percent, unless this adjustment results in a value less than the minimum value for that aircraft computed pursuant to subparagraph (C), in which case the minimum value may be used. If original cost is determined by reference to the Airliner Price Guide "average new prices" column, the adjustments required by this paragraph shall be made by setting the acquisition date of the aircraft to be the date of the aircraft's manufacture.

(C) For certificated aircraft of a model and series that has been in revenue service for eight or more years, the minimum value shall not exceed the average of the used aircraft prices shown in columns other than the "average new prices" column for used aircraft of the oldest aircraft for that model and series in the Airliner Price Guide most recently published as of the lien date. Minimum values shall not be utilized for certificated aircraft of a model and series that has been in revenue service for less than eight years.

(D) For out-of-production aircraft that were recommended to be valued by a market approach for 1998 by the California Assessors' Association, assessments will be based at the lower of the following:

(i) The values established by the Association for the 1998 lien date.

(ii) The average of the used aircraft prices shown in the columns other than the "average new prices" column for used aircraft of the five oldest years for the aircraft model and series or that lesser time for which data is available in the Airliner Price Guide.

(2) Notwithstanding paragraph (1), in computing assessed value, the assessor may allow for extraordinary obsolescence if supported by market evidence and the taxpayer may challenge the assessment for failure to do so. To constitute market evidence of extraordinary obsolescence and to permit an assessment appeal, the evidence must show that the functional and or economic obsolescence is in excess of 10 percent of the value for the aircraft model and series otherwise established pursuant to subparagraph (B), (C), or (D) of paragraph (1).

(3) For purposes of paragraph (1), if the Airliner Price Guide ceases to be published or the format significantly changes, a guide or adjustment agreed to by the airlines and the taxing counties shall be substituted.

(c) (1) For the 2003-04 fiscal year, certificated aircraft shall be presumed to be valued at full market value if all of the following conditions are met.

(A) Except as provided in subparagraph (D), value is derived using original cost. The original cost shall be the greater of the following:

(i) Taxpayer's cost for that individual aircraft reported in accordance with generally accepted accounting principles, so long as that produces net acquisition cost, and to the extent not included in the taxpayer's cost, transportation costs and capitalized interest and the cost of any capital addition or modification made before a transaction described in clause (ii).

(ii) Taxpayer's cost as established pursuant to this subdivision plus one-half of the incremental difference between taxpayer's cost and the cost established in a sale/leaseback or assignment of purchase rights transaction for individual aircraft that transfers the benefits and burdens of ownership to the lessor for United States federal income tax purposes.

If the original cost for leased aircraft cannot be determined from information reasonably available to the taxpayer, original cost may be determined by reference to the "average new prices" column of the Airliner Price Guide for that model, series, and year of manufacture of aircraft. If information is not available in the "average new prices" column for that model, series, and year, the original cost may be determined using the best indicator of original cost plus all conversion costs incurred for that aircraft. In the event of a merger, bankruptcy, or change in accounting methods by the reporting airline, there shall be a rebuttable presumption that the cost of the individual aircraft and the acquisition date reported by the acquired company if available, or the cost reported prior to the change in accounting method is the original cost and the applicable acquisition date.

(B) Original cost, plus the cost of any capital additions or modifications not otherwise included in original cost, shall be adjusted from the date of the acquisition of the aircraft to the lien date using the producer price index for aircraft and a 16-year straight-line percent good table starting from the delivery date of the aircraft to the current owner or, in the case of a sale/leaseback or assignment of purchase rights transaction, as described in this section, the current operator with a minimum combined factor of 25 percent, unless this adjustment results in a value less than the minimum value for that aircraft computed pursuant to subparagraph (C), in which case the minimum value may be used. If original cost is determined by reference to the Airliner Price Guide "average new prices" column, the adjustments required by this paragraph shall be made by setting the acquisition date of the aircraft to be the date of the aircraft's manufacture.

(C) For certificated aircraft of a model and series that has been in revenue service for eight or more years, the minimum value shall not exceed the average of the used aircraft prices shown in columns other than the "average new prices" column for used aircraft of the oldest aircraft for that model and series in the Airliner Price Guide most recently published as of the lien date. Minimum values shall not be utilized for certificated aircraft of a model and series that has been in revenue service for less than eight years.

(D) For out-of-production aircraft that were recommended to be valued by a market approach for 1998 by the California Assessors' Association their assessments shall be based at the lower of the following:

(i) The values established by the Association for the 1998 lien date.

(ii) The average of the used aircraft prices shown in the columns other than the "average new prices" column for used aircraft of the five oldest years for the aircraft model and series or that lesser time for which data is available in the Airliner Price Guide.

(2) Notwithstanding paragraph (1), in computing assessed value, the assessor may allow for extraordinary obsolescence if supported by market evidence and the taxpayer may challenge the assessment for failure to do so. To constitute market evidence of extraordinary obsolescence and to permit an assessment appeal, the evidence must show that the functional and or economic obsolescence is in excess of 10 percent of the value for the aircraft model and series otherwise established pursuant to subparagraph (B), (C), or (D) of paragraph (1).

(3) For purposes of paragraph (1), if the Airliner Price Guide ceases to be published or the format significantly changes, a guide or adjustment agreed to by the airlines and the taxing counties shall be substituted.

(d) In order to calculate the values prescribed in subdivisions (b) and (c), the taxpayer shall, to the extent that information is reasonably available to the taxpayer, furnish the county assessor with an annual property statement that includes the aircraft original costs as defined in subparagraph (A) of paragraph (1) of subdivision (b) or (c). In the event an air carrier that has this information reasonably available to it fails to report original cost and additions, as required by Revenue and Taxation Code Sections 441 and 442, an assessor may in that case make an appropriate assessment pursuant to Revenue and Taxation Code Section 501.

**REMOVAL OF INVALID LIEN
SHALL BE SIGNED BY THE TAX COLLECTOR OR DEPUTY
SENATE BILL 2233
CHAPTER 497**

Section 2196 of the Revenue and Taxation Code is amended to read:

2196. (a) If the tax collector determines, following the presentation of evidence by the owner or assessee of real property, that a lien on that property for unpaid taxes, assessments, fees, or charges levied by a local public entity has been erroneously filed for recordation, the tax collector shall send a document to the recorder stating the facts ~~which~~ *that* indicate the erroneous filing. The document shall be clearly labeled with the words "Removal of Invalid Lien," *and shall be signed by either the tax collector or his or her deputy.*

(b) The recorder shall mail the original "Removal of Invalid Lien" document to the owner of the property after recording the document.

(c) For purposes of this section, "local public entity" means a county, a city, or a district.

**THE COUNTY MAY, RATHER THAN SHALL IMPOSE A FEE
FOR THE USE OF A CREDIT CARD TO PAY TAXES
SENATE BILL 2233
CHAPTER 497**

Section 2511.1 of the Revenue and Taxation Code is amended to read:

2511.1. (a) As used in this section:

(1) "Credit card" means any card, plate, coupon book, or other credit device existing for the purpose of being used from time to time upon presentation to obtain money, property, labor, or services on credit.

(2) "Card issuer" means any person who issues a credit card and purchases credit card drafts, or the agent for those purposes with respect to a credit card.

(3) "Cardholder" means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.

(4) "Draft purchaser" means any person who purchases credit card drafts.

(b) The board of supervisors may authorize the acceptance of a credit card for payment of property taxes. Following an authorization pursuant to the preceding sentence, the county shall, upon approval of the board of supervisors, execute a contract with one or more credit card issuers or draft purchasers. The contract shall provide for all of the following:

(1) The respective rights and duties of the county, and card issuers and draft purchasers regarding the presentment, acceptability, and payment of credit card drafts.

(2) The establishment of a reasonable means by which to facilitate payment settlements.

(3) The payment to the card issuer or draft purchaser of a reasonable fee or discount.

(4) Other matters appropriately included in contracts with respect to the purchase of credit card drafts as may be agreed upon by the parties to the contract.

(c) The honoring of a credit card pursuant to subdivision (b) shall constitute payment of the tax as of the date the credit card is honored, provided the credit card draft is paid following its due presentment to a card issuer or draft purchaser.

(d) The county ~~shall~~ **may** impose a fee for the use of a credit card sufficient in amount to provide for the recovery of fees or discounts paid by the county under paragraph (3) of subdivision (b) and all other costs incurred by the county in providing for payment by credit. Fees imposed under this subdivision shall be approved by the board of supervisors.

(e) If any credit card draft is not paid following due presentment to a card issuer or draft purchaser or is charged back to the county for any reason, any record of payment made shall be null and void. Any receipt issued in acknowledgement of payment shall also be null and void. The obligation of the cardholder shall continue as an outstanding obligation as though no payment had been attempted.

(f) Upon notice of nonpayment of the credit card draft, the tax collector may charge the person who attempted the payment a fee not to exceed the costs of processing the draft, providing notice of nonpayment to that person, and making required cancellations on the tax roll. The amount of the fee shall be set by the board of supervisors pursuant to Section 54986 of the Government Code, and may be added to the tax bill and collected in the same manner as costs recovered pursuant to Section 2621. Fees imposed under this subdivision shall be approved by the board of supervisors.

INFORMATION ON THE TAX BILL

ASSEMBLY BILL 1933

CHAPTER 342

Section 2611.6 of the Revenue and Taxation Code is amended to read:

2611.6. The following information shall be included in each county tax bill, whether mailed or electronically transmitted, or in a separate statement accompanying the bill:

(a) The full value of locally assessed property, including assessments made for irrigation district purposes in accordance with Section 26625.1 of the Water Code.

- (b) The tax rate required by Article XIII A of the California Constitution.
- (c) The rate or dollar amount of taxes levied in excess of the 1-percent limitation to pay for voter-approved indebtedness incurred before July 1, 1978, or bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the voters on or after June 4, 1986.
- (d) The amount of any special taxes and special assessments levied.
- (e) The amount of any tax rate reduction pursuant to Section 96.8, with the notation: "Tax reduction by (name of jurisdiction)."
- (f) The amount of any exemptions. Exemptions reimbursable by the state shall be shown separately.
- (g) The total taxes due and payable on the property covered by the bill.
- (h) Instructions on tendering payment, including the name and mailing address of the tax collector.
- (i) ***The billing of any special purpose parcel tax as required by paragraph (2) of subdivision (b) of Section 53087.4 of the Government Code, or any successor to that paragraph.***
- (j) Information specifying all of the following:
 - (1) That if the taxpayer disagrees with the assessed value as shown on the tax bill, the taxpayer has the right to an informal assessment review by contacting the assessor's office.
 - (2) That if the taxpayer and the assessor are unable to agree on a proper assessed value pursuant to an informal assessment review, the taxpayer has the right to file an application for reduction in assessment for the following year with the county board of equalization or the assessment appeals board, as applicable, during the period from July 2 to September 15, inclusive.
 - (3) The address of the clerk of the county board of equalization or the assessment appeals board, as applicable, at which forms for an application for reduction in assessment may be obtained.

**STREET ADDRESS NO LONGER REQUIRED
IN THE NEWSPAPER PUBLICATIONS
SENATE BILL 2233
CHAPTER 497**

Section 3372 of the Revenue and Taxation Code is amended to read:

3372. The notice shall show:
- (a) The affidavit of tax default.
 - (b) The fact that the real property may be redeemed by the payment of the amount of defaulted taxes together with those additional penalties and fees as prescribed by law, or that the real property may be redeemed under an installment plan of redemption.
 - (c) The official who will furnish all information concerning redemption.
 - (d) The following information relating to each assessment of tax-defaulted property:

(1) The name of the assessee, and where there is more than one valuation the name of the assessee need be listed only once. For the purposes of this section, the name of the assessee may be the name of the assessee as shown on the current roll.

(2) The description of the property.

(3) The total amount which was originally declared in default.

~~(4) The street address of the property, if any, shown on the county assessment records.~~

This information required to be published is the "published delinquent list." If any tax-defaulted property is redeemed, the information relating to the property may be omitted from any publication.

SUMMARY STATEMENT OF TAX-DEFAULTS SENATE BILL 2233 CHAPTER 497

Section 3446 of the Revenue and Taxation Code is repealed.

~~3446. (a) Where the abstract list or other system of control in a county obviates the need for the detailed statement required under Section 3440 and the transmittal of redemption certificates and notices to the Controller with respect to tax defaulted property under Sections 4106 and 4803, the Controller may:~~

~~(1) Authorize the tax collector to transmit to the Controller in lieu of the detailed statement required under Section 3440, a summary statement following the declaration of default setting forth the time, the date, number of tax defaulted parcels, dates of publication of delinquent list and notice of impending default, and other appropriate information.~~

~~(2) Authorize the tax collector to transmit to the Controller prior to the notice to the Controller of power to sell a detailed list of the tax defaulted properties which remain unredeemed, the dates and forms of which the Controller shall prescribe. (b) Where the abstract list or other system of control obviates the need for transmittal of redemption certificates to the Controller, the Controller may authorize the tax collector to discontinue the transmittal of redemption certificates and notices to the Controller under Sections 4106 and 4803.~~

SUMMARY STATEMENT OF TAX-DEFAULTS SENATE BILL 2233 CHAPTER 497

Section 3447 of the Revenue and Taxation Code is repealed.

~~3447. If the detailed statement required under Section 3440 has been made to the Controller prior to the effective date of the authorizations provided for in this article, the redemption certificates and notices under Sections 4106 and 4803 with respect to those tax defaulted properties not yet tax defaulted for five years or more need not be transmitted by the tax collector, but the tax collector shall be required to furnish the detailed list of unredeemed properties prior to the date on which the power of sale arises. If on the effective date of this section the detailed statement required under Section 3440 has not been made to the Controller for the 1967 sale to the state, the Controller may issue the authorizations provided for under Section 3446.~~

**SUMMARY STATEMENT OF TAX-DEFAULTS
SENATE BILL 2233
CHAPTER 497**

Section 3448 of the Revenue and Taxation Code is repealed:

~~3448. Where the system of control in the county no longer is operative or is found by the Controller to be inadequate, or where the tax collector fails to comply with the requirements of Section 3446, the authorizations may be rescinded by the Controller 30 days after notice is mailed to the tax collector. Upon rescission of the authorization, the tax collector shall furnish the Controller, in the same form as prescribed under Section 3440, a complete list of all tax-defaulted properties which remained unredeemed on the effective date of such rescission, and the tax collector shall, from and after the effective date of the rescission, transmit to the Controller all the redemption certificates provided for under Section 4106.~~

**ELIMINATION OF NOTIFICATION TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 3691.1 of the Revenue and Taxation Code is amended to read:

3691.1. The tax collector shall ~~notify the Controller~~ *execute a notice* whenever a parcel becomes subject to the power of sale set forth in Section 3691 on a form prescribed ~~and provided~~ by the Controller. The county clerk shall take acknowledgment of the notice ~~to the Controller~~ without charge.

**NOTICE OF POWER TO SELL
NO LONGER SENT TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 3691.2 of the Revenue and Taxation Code is amended to read:

3691.2. The notice ~~to the Controller~~ shall specify:

- (a) That five years or more have elapsed since the taxes or assessments on the parcel were declared in default.
- (b) That the property was duly assessed for taxation and the tax legally levied.
- (c) That the property is subject to sale for nonpayment of taxes.
- (d) The amount of taxes originally declared to be in default, unless there has been a partial cancellation of taxes, a redemption from a portion thereof, or a correction under Sections 4831.5 and 4876.5, in any of which events, the amount shall be the balance remaining.
- (e) A metes and bounds or lot-block-tract description of the property.

**NOTICE OF POWER TO SELL
RETAINED BY THE TAX COLLECTOR
SENATE BILL 2233
CHAPTER 497**

Section 3691.4 of the Revenue and Taxation Code is amended to read:

3691.4. The notice ~~to the Controller~~ shall be recorded with the county recorder. After recordation, the notice shall be forwarded to the ~~Controller~~ **tax collector**. The recorder shall make no charge for the recording.

**NOTICE OF POWER TO SELL
RETAINED BY THE TAX COLLECTOR
SENATE BILL 2233
CHAPTER 497**

Section 3691.5 of the Revenue and Taxation Code is amended to read:

3691.5. The ~~Controller~~ **tax collector** shall file the notice in his or her office and keep a record to show the subsequent disposition of the property.

**THE CONTROLLER MAY REQUEST
A REPORT ON THE DISPOSITION OF TAX-DEFAULTED PROPERTY
SENATE BILL 2233
CHAPTER 497**

Section 3691.6 is added to the Revenue and Taxation Code, to read:

3691.6. Upon request of the Controller, the tax collector shall report the disposition of all tax-defaulted parcels subject to tax collections power to sale in his or her county

**CONTROLLER'S APPROVAL NO LONGER
REQUIRED TO SELL TAX-DEFAULTED PROPERTY
SENATE BILL 2233
CHAPTER 497**

Section 3692 of the Revenue and Taxation Code is amended to read:

3692. (a) The tax collector shall attempt to sell tax-defaulted property as provided in this chapter within four years of the time that the property becomes subject to sale for nonpayment of taxes unless by other provisions of law the property is not subject to sale. If there are no acceptable bids at the attempted sale, the tax collector ~~with the approval of the Controller~~ shall attempt to sell the property at intervals of no more than six years until the property is sold.

(b) When oil, gas, or mineral rights are subject to sale for nonpayment of taxes, the tax collector may offer the interest at minimum bid to the holders of outstanding interests where the interest subject to sale is a partial interest or, where the interest subject to sale is a complete and

undivided interest, to the owner or owners of the property to which the oil, gas, or mineral rights are appurtenant.

(c) When parcels that are rendered unusable by their size, location, or other conditions are subject to sale for nonpayment of taxes, the tax collector may offer the parcel at a minimum bid to owners of contiguous parcels. The tax collector shall require that the successful bidder request the assessor and the planning director to combine the unusable parcel with his or her own parcel as a condition of sale.

(d) Sealed bid sale procedures shall be used when offers are made pursuant to subdivision (b) or (c), and the property shall be sold to the highest eligible bidder. The offers shall remain in effect for 30 days or until notice is given pursuant to Section 3702, whichever is later.

(e) The original notice shall indicate that any parcel remaining unsold may be resold within a 90-day period and any new parties of interest shall be notified in accordance with Section 3701. This subdivision shall not apply to properties sold pursuant to Chapter 8 (commencing with Section 3771).

**CONTROLLER'S APPROVAL NO LONGER
REQUIRED TO SELL TAX-DEFAULTED PROPERTY
SENATE BILL 2233
CHAPTER 497**

Section 3694 of the Revenue and Taxation Code is amended to read:

3694. A sale under this chapter shall take place only if approved by the board of supervisors ~~and authorized in writing by the Controller.~~

**CONTROLLER'S APPROVAL NO LONGER
REQUIRED TO SELL TAX-DEFAULTED PROPERTY
SENATE BILL 2233
CHAPTER 497**

Section 3700 of the Revenue and Taxation Code is amended to read:

3700. Upon providing notice to the board of supervisors as required by Section 3698, the tax collector shall forward ~~copies of that same notice as follows:~~

~~(a) Two copies to the Controller for his or her authorization.~~

~~(b) One~~ **one** copy to the clerk or secretary of the governing board of each taxing agency, other than the county, having the right to levy taxes or assessments on the property. The copy or copies shall be mailed or delivered at least 30 days before the first publication or posting of the notice of intended sale. However, where the tax collector has on file a consent from each taxing agency, the tax collector may proceed to publish or post the notice of sale.

**NOTICE OF SALE TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 3700.5 is added to the Revenue and Taxation Code, to read:

3700.5. Not less than 45 days nor more than 120 days before the proposed sale, the tax collector shall send notice of the proposed sale to the Controller. The notice shall state the datetime, and place of the proposed sale. The tax collector shall notify the Controller of any postponement of the tax sale and the date, time, and place of the sale.

**CONTROLLER'S APPROVAL NO LONGER
REQUIRED TO SELL TAX-DEFAULTED PROPERTY
SENATE BILL 2233
CHAPTER 497**

Section 3701 of the Revenue and Taxation Code is amended to read:

3701. ~~After receiving the written authorization of the Controller, and not~~ *Not* less than 45 days nor more than 120 days before the proposed sale, the tax collector shall send notice of the proposed sale by certified mail with return receipt requested to the last known mailing address, if available, of parties of interest, as defined in Section 4675. The notice shall state the date, time, and place of the proposed sale, the amount required to redeem the property, and the fact that the property may be redeemed up to the close of business on the last business day prior to the date of sale, and information regarding the rights of parties of interest to claim excess proceeds, as defined in Section 4674, if the property is sold and excess proceeds result from that sale.

The tax collector shall make a reasonable effort to obtain the name and last known mailing address of parties of interest.

The validity of any sale under this chapter shall not be affected if the tax collector's reasonable effort fails to disclose the name and last known mailing address of parties of interest or if a party of interest does not receive the mailed notice.

**COPY OF TAX DEED NO LONGER
SENT TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 3708 of the Revenue and Taxation Code is amended to read:

3708. On receiving the full purchase price at any sale under this chapter, the tax collector shall, without charge, execute a deed to the purchaser ~~and send a conformed copy of the deed containing the recorder's indexing data to the Controller.~~

**TAX COLLECTOR NO LONGER REQUIRED TO REPORT
DISPOSITION OF TAX-DEFAULTED PROPERTY TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 3715 of the Revenue and Taxation Code is repealed.

~~3715. On completion of the sale, the tax collector shall report to the Controller the disposition of all parcels which were not sold at the sale.~~

**COPY OF RESCISSION OF TAX DEED
NO LONGER SENT TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 3731 of the Revenue and Taxation Code is amended to read:

3731. (a) When a tax deed to a purchaser of property sold by the tax collector pursuant to this part is recorded and it is determined that the property should not have been sold, the sale may be rescinded by the board of supervisors with the written consent of the county legal adviser and the purchaser of the property under any of the following circumstances:

(1) The property has not been transferred or conveyed by the purchaser at the tax sale to a bona fide purchaser for value.

(2) The property has not become subject to a bona fide encumbrance for value subsequent to the recordation of the tax deed.

(b) When the sale of tax-defaulted property is rescinded pursuant to subdivision (a), the purchaser is entitled to a refund of the amount paid as the purchase price after the purchaser executes a rescission of the tax deed. The rescission shall also be executed by the county tax collector. The signatures of the purchaser and the county tax collector shall be acknowledged by the county clerk, without charge, and the county tax collector shall then record the rescission with the county recorder, without charge. ~~After recordation, a copy of the rescission shall be forwarded to the Controller.~~ When the rescission is recorded, the tax deed becomes null and void as though never issued and all provisions of law relating to tax-defaulted property shall apply to the property.

(c) The holder of a tax certificate who received all or any part of the amount paid by the purchaser shall not be obligated to make any refund or repayment of any amount to the purchaser, the delinquent taxpayer, the county, or any other person. The tax collector may use amounts on deposit in the Tax Certificate Redemption Fund to make the refund, but only to the extent those amounts were paid to the holder of the applicable tax certificate.

**TECHNICAL CORRECTION
ASSEMBLY BILL 2803
CHAPTER 485**

Section 3772.5 of the Revenue and Taxation Code is amended to read:

3772.5. For purposes of this chapter:

(a) "Low-income persons" means persons and families of low or moderate income, as defined by Section 50093 of the Health and Safety Code.

(b) "Nonprofit organization" means a nonprofit organization incorporated pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code for the purpose of acquisition of either of the following:

(1) Single-family or multifamily dwellings for rehabilitation and sale or **rent** ~~rental~~ to low-income persons, or for other use to serve low-income persons.

(2) Vacant land for construction of residential dwellings and subsequent sale or **rent** ~~rental~~ to low-income persons, for other use to serve low-income persons, or for dedication of that vacant land to public use.

(c) "Rehabilitation" means repairs and improvements to a substandard building, as defined in subdivision (f) of Section 17920 of the Health and Safety Code, necessary to make it a building which is not a substandard building.

**THE TAX COLLECTOR MAY LOWER PURCHASE PRICE
FOR CH. 8 SALES IF THE PROPERTY HAS BEEN OFFERED ONCE
AND NO BIDS WERE RECEIVED
SENATE BILL 2233
CHAPTER 497**

Section 3793.1 of the Revenue and Taxation Code is amended to read:

3793.1. (a) The sales price of any property sold under this article shall include, at a minimum, the amounts of all of the following:

(1) ~~(a)~~ All defaulted taxes and assessments, and all associated penalties and costs.

(2) ~~(b)~~ Redemption penalties and fees incurred through the month of the sale.

(3) ~~(c)~~ All costs of the sale.

(b) If the property or property interests have been offered for sale at least once and no acceptable bids therefor have been received, the tax collector may, in his or her discretion and with the approval of the board of supervisors, offer that property or those interests at the next scheduled sale at a minimum price that the tax collector deems appropriate.

**REDEMPTION CERTIFICATE NO LONGER
SENT TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 4106 of the Revenue and Taxation Code is amended to read:

4106. The certificates, with the money, shall be delivered to the tax collector and he or she shall receipt each certificate.

One certificate shall be given to the person making payment ~~÷ one, shall be transmitted to the Controller;~~ and one shall remain in the tax collector's office. Upon request of the assessor or the auditor, an additional certificate shall be made.

**FEE TO PREPARE TO CONDUCT A TAX SALE
BECOMES PART OF THE REDEMPTION AMOUNT
RESCISSION OF NOTICE OF POWER TO SELL NO LONGER
FORWARDED TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 4112 of the Revenue and Taxation Code is amended to read:

4112. (a) When tax-defaulted property subject to the notice recorded under Section 3691.4 is redeemed, the tax collector shall collect all of the following, in addition to the amount required to redeem:

(1) A fee of thirty-five dollars (\$35) that shall be distributed to the county general fund to reimburse the county for its cost of obtaining the names and last known mailing addresses of, and for mailing notices required by Section 3701 to, parties of interest as defined by Section 4675.

(2) A fee in the amount required by Section 27361.3 of the Government Code that shall be distributed to the county recorder for the cost of recordation of a rescission of the notice, as required by subdivision (c).

(3) A fee of one hundred fifty dollars (\$150) if redemption is within 90 days of the proposed date for the tax sale of the redeemed property ~~.that~~ ***In the case of unsold tax sale properties remaining on the abstract after the tax sale, the fee shall become a part of the redemption amount and collectible whenever the property is redeemed. The fee*** shall be distributed to the county general fund to reimburse the county for costs incurred by the county in preparing to conduct that sale.

(b) Notwithstanding subdivision (a), if the tax-defaulted property is redeemed prior to the proposed sale, but after the county has incurred notice or publication costs pursuant to Section 3702 in connection with a notice of intended sale, a fee in an amount reasonably necessary to reimburse the tax collector for those costs may be collected.

(c) When tax-defaulted property subject to the notice recorded under Section 3691.4 is redeemed, the notice becomes null and void and the tax collector shall execute and record with the county recorder a rescission of the notice in the form prescribed by the Controller. The rescission shall be acknowledged by the county clerk, without charge and after recordation shall be forwarded to the Controller.

(d) Any fee imposed under paragraph (1) of subdivision (a) or subdivision (b) shall be subject to the requirements of Section 54986 of the Government Code.

**SECURED ROLL MAY INCLUDE SUPPLEMENTAL ROLL
WHEN CALCULATING THE 1-TIME ERAF REDUCTION
ASSEMBLY BILL 1782
CHAPTER 528**

Section 4701 of the Revenue and Taxation Code is amended to read:

4701. (a) *The Legislature hereby finds and declares that it is* ~~It is hereby declared to be~~ the purpose of this chapter to provide an alternative procedure for the distribution of property tax levies on the secured roll made by counties on their own behalf or as the tax-levying and tax-collecting agency for other political subdivisions. *The Legislature further finds and declares that* ~~It is further declared to be~~ the object of this alternative procedure *is to simplify* ~~accomplish a simplification of~~ the tax-levying and tax-apportioning process and *to increase* ~~an increased~~ flexibility in the use of available cash resources.

(b) *For purposes of this chapter only, the term "secured roll" may include the supplemental property tax roll as described in Chapter 3.5 (commencing with Section 75) of Part 0.5 of Division 1.*

**DISPOSITION OF TAX-DEFAULTED PROPERTY
NO LONGER REPORTED TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 4803 of the Revenue and Taxation Code is repealed.

~~4803. When any declaration of default, redemption certificate, notice of power to sell tax-defaulted property, or rescission of notice to sell tax-defaulted property, is canceled or corrected under this part, the tax collector shall immediately notify the Controller of the fact.~~

**TAX COLLECTOR MAY REQUEST REASONABLE ATTORNEY'S FEES
IN BANKRUPTCY PROCEEDINGS
SENATE BILL 2233
CHAPTER 497**

Section 4807 of the Revenue and Taxation Code is amended to read:

4807. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action, or proceeding in any court against any county, municipality, or district, or any officer thereof, to prevent or enjoin the collection of property taxes sought to be collected. *In the case of a collection of taxes pursuant to a bankruptcy proceeding, the county may request a reasonable amount of attorney's fees.*

**TAX COLLECTOR NO LONGER REQUIRED TO NOTIFY
THE CONTROLLER OF ERRORS IN NOTICES OF
POWER TO SELL
SENATE BILL 2233
CHAPTER 497**

Section 4839 of the Revenue and Taxation Code is repealed.

~~4839. the tax collector shall notify the Controller of a clerical error or misstatement of fact in a notice of power to sell tax defaulted property.~~

**CANCELLATION OF NOTICE OF POWER TO SELL
NO LONGER SENT TO THE CONTROLLER
SENATE BILL 2233
CHAPTER 497**

Section 4992 of the Revenue and Taxation Code is amended to read:

4992. If the tax collector declares property subject to a power of sale pursuant to Section 3691 and, either (a) the declaration that the property is tax defaulted is canceled under Section 4991, or (b) the power to sell is void because of any error occurring subsequent to the declaration, then the tax collector, with the approval of the auditor, shall cancel the power to sell in the form prescribed by the Controller. The cancellation shall be acknowledged, without charge, and shall be recorded with the county recorder, without charge.

The fact and date of the cancellation shall be entered on the abstract or electronic data processing records ~~and the tax collector shall transmit a copy of the recorded cancellation to the Controller.~~

**TAXATION OF AIRLINE PROPERTY
ASSEMBLY BILL 1807
CHAPTER 86**

Section 5096.3 is added to the Revenue and Taxation Code, to read:

5096.3. (a) To dispose of certain lawsuits and assessment appeals that have been filed, and to preclude the filing of other claims relating to (1) the assessment, equalization, and assessability of certain possessory interests in publicly owned airports and (2) aircraft valuation and equalization by Alaska Airlines, Inc., American Airlines, Inc., Continental Airlines, Inc., Delta Air Lines, Inc., Federal Express Corporation, Northwest Airlines, Inc., Trans World Airlines, Inc., United Airlines, Inc., United Parcel Service, U.S. Airways, Inc., Wings West Airlines, Southwest Airlines, America West Airlines, in their own right or as successors in interest, counties shall provide future tax credits in the following amounts:

<i>Alameda</i>	<i>\$ 4,455,110</i>
<i>Contra Costa</i>	<i>1,000</i>
<i>El Dorado</i>	<i>1,000</i>
<i>Fresno</i>	<i>264,630</i>
<i>Humboldt</i>	<i>500</i>
<i>Kern</i>	<i>33,540</i>
<i>Los Angeles</i>	<i>18,335,720</i>
<i>Monterey</i>	<i>148,560</i>
<i>Orange</i>	<i>2,916,995</i>
<i>Riverside</i>	<i>435,780</i>
<i>Sacramento</i>	<i>1,070,185</i>
<i>San Bernardino</i>	<i>1,991,405</i>
<i>San Diego</i>	<i>4,262,610</i>
<i>San Joaquin</i>	<i>1,000</i>
<i>San Mateo</i>	<i>13,544,005</i>
<i>Santa Barbara</i>	<i>167,880</i>
<i>Santa Clara</i>	<i>2,369,080</i>
<i>Solano</i>	<i>1,000</i>

(b) The credits identified in subdivision (a) will be allowed in equal amounts for the 1998-99 fiscal year to the 2002-03 fiscal year, inclusive, and may be credited by the counties against one or more tax bills of the airline entitled to the credit. The credits identified in subdivision (a) shall be allocated among the airlines in accordance with a schedule to be established and agreed upon by the airlines identified in subdivision (a). The airlines shall, through a designated representative, provide to each county listed in subdivision (a), before the effective date of this measure, the detail of the allocation of the credits among the various airlines. In no instance shall a county be required to provide a credit to any airline in any year that exceeds the total tax due from that airline to that county for that year. The airlines' designated representative may submit revised instructions not later than June 30 preceding the beginning of the fiscal year in which the credits are to be adjusted, but in no event may the

credit for any county in any year be increased beyond the levels set out in subdivisions (a) and (b) for any fiscal year.

(c) In addition to the credits provided in subdivision (a), each county shall allow a credit against any escape assessment upon certificated aircraft levied on or after April 1, 1998, under subdivision (b) of Section 401.15 for tax years up to and including the 1997-98 fiscal year to the extent the escape assessment is based upon the cost established in sale/leaseback or assignment of purchase rights transaction. The amount of the credit shall be equal to the tax on one-half of the value increase, plus interest and penalties attributable to use of the sale/leaseback or assignment of purchase rights transaction amount to determine value pursuant to subdivision (b) of Section 401.15.

(d) Upon enrollment of any escape assessment contemplated in subdivision (a) of Section 401.15, the county assessor shall provide the county auditor with the information necessary to calculate the credit required in subdivision (c) of this section.

(e) No county shall be required to provide the credits specified in subdivisions (a) and (b) unless all airlines named in subdivision (a) who also have assessments in that county have entered into a settlement agreement or executed a waiver with that county. No county shall be required to provide the credits specified in subdivision (c) unless the airline otherwise entitled to that credit has entered into a settlement agreement or executed a waiver with that county. The settlement agreement or waiver shall include a waiver of all statutory and constitutional rights with respect to pending and future challenges to valuation and equalization of certificated aircraft through the 2003-04 fiscal year, provided that the assessments are established in conformance with Section 401.15, and all statutory and constitutional rights to challenge valuation, equalization and assessability of possessory interests in publicly owned airports (other than interests stated in a written agreement for terminal, cargo, hangar, automobile parking lots, storage and maintenance facilities, and other buildings and the land thereunder leased in whole or in part by an airline), provided that the valuations made for the 1998-99 fiscal year and thereafter are established in conformance with Section 107.9. At the discretion of a county, the airlines may be required to file waivers in that county in lieu of entering into a settlement agreement. Upon the execution of a settlement agreement or waiver by the airlines named in subdivision (a) that also have assessments in a county, that county listed in subdivision (a) shall be required to provide the credits set out in this section. Nothing in this section precludes claims concerning allocation of aircraft values.

(f) With respect to America West Airlines only, the waiver or settlement agreement required by subdivision (e) may exclude the claims that America West Airlines has already raised in the adversary proceedings in the bankruptcy proceeding entitled "In Re America West Airlines, Inc., Case No. 91-07505 PHX-RGM" against the Counties of Orange, San Bernardino, Sacramento, San Mateo, Alameda, and San Diego, provided that the settlement agreements or waivers under subdivision (e) provide that the resolution of any of America West's adversary claims will have no legal effect for any tax year not at issue in those adversary proceedings. This section and Sections 107.9 and 401.15 do not abrogate, rescind, preclude, or otherwise affect any separate settlement agreement entered into prior to the effective date of this section between a county and an airline concerning the subject matter of this section and Sections 107.9 and 401.15 with respect to those tax years expressly settled by any agreement as so described. However, no settlement agreement as so described may be used to challenge the assessment and valuation provided by these sections for any tax year after the 1997-98 fiscal year or any tax year not expressly settled by that agreement.

**TAXATION OF AIRLINE PROPERTY
LEGISLATIVE INTENT
ASSEMBLY BILL 1807
CHAPTER 86**

The Legislature finds and declares all of the following:

(1) Two of the most difficult and contentious property tax assessment issues in recent years have concerned the assessment of certificated aircraft and airline possessory interests, other than interests stated in a written agreement for terminal, cargo, hangar, automobile parking lots, storage and maintenance facilities and other buildings and the land thereunder leased in whole or in part by an airline.

(2) These issues have given rise to litigation and appeals challenging assessments involving hundreds of millions of dollars of property tax revenues.

(3) The uncertainty created by pending litigation and appeals over the assessment of airline property and possessory interests in publicly owned airports is disruptive to both airline industry tax planning and local government and school finance.

(b) It is the intent of the Legislature in enacting this act to facilitate resolution of the disputes over the assessment of certificated aircraft by codifying recommendations produced by a county and airline industry working group, that do all of the following:

(1) Establish valuation methodology for certificated aircraft.

(2) Clearly establish a presumption of correctness if county assessors follow the assessment methodology set out in this measure and in Assembly Bill 2318.

(3) Dispose of certain outstanding litigation and appeals over aircraft valuation.

**TAX REFUND CREDITS
SENATE BILL 30
CHAPTER 87**

Section 5103 is added to the Revenue and Taxation Code, to read:

5103. Notwithstanding any other provision of law, a taxpayer and the county or city and county may enter into a written settlement agreement to substitute credits against a taxpayer's future tax liabilities for the payment by the county or city and county to that taxpayer of refunds of tax and any interest accrued thereon. Interest may continue to accrue upon a substituted credit until that credit has been fully offset against future tax liabilities. The authority of a county or city and county to provide for tax credits in accordance with this section shall be vested in that branch of the county or city and county government that is authorized to settle legal disputes on behalf of the county or city and county.

CODE OF CIVIL PROCEDURE

CHALLENGING THE VALIDITY OF A SPECIAL TAX ASSEMBLY BILL 1933 CHAPTER 342

Section 338 of the Code of Civil Procedure is amended to read:

338. Within three years:

- (a) An action upon a liability created by statute, other than a penalty or forfeiture.
- (b) An action for trespass upon or injury to real property.
- (c) An action for taking, detaining, or injuring any goods or chattels, including actions for the specific recovery of personal property. The cause of action in the case of theft, as defined in Section 484 of the Penal Code, of any article of historical, interpretive, scientific, or artistic significance is not deemed to have accrued until the discovery of the whereabouts of the article by the aggrieved party, his or her agent, or the law enforcement agency which originally investigated the theft.
- (d) An action for relief on the ground of fraud or mistake. The cause of action in that case is not to be deemed to have accrued until the discovery, by the aggrieved party, of the facts constituting the fraud or mistake.
- (e) An action upon a bond of a public official except any cause of action based on fraud or embezzlement is not to be deemed to have accrued until the discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action upon the bond.
- (f) An action against a notary public on his or her bond or in his or her official capacity except that any cause of action based on malfeasance or misfeasance is not deemed to have accrued until discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action; provided, that any action based on malfeasance or misfeasance shall be commenced within one year from discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action or within three years from the performance of the notarial act giving rise to the action, whichever is later; and provided further, that any action against a notary public on his or her bond or in his or her official capacity shall be commenced within six years.
- (g) An action for slander of title to real property.
- (h) An action commenced under Section 17536 of the Business and Professions Code. The cause of action in that case shall not be deemed to have accrued until the discovery by the aggrieved party, the Attorney General, the district attorney, the county counsel, the city prosecutor, or the city attorney of the facts constituting grounds for commencing such an action.
- (i) An action commenced under the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code). The cause of action in that case shall not be deemed to have accrued until the discovery by the State Water Resources Control Board or a regional water quality control board of the facts constituting grounds for commencing actions under their jurisdiction.

(j) An action to recover for physical damage to private property under Section 19 of Article I of the California Constitution.

(k) An action commenced under Division 26 (commencing with Section 39000) of the Health and Safety Code. These causes of action shall not be deemed to have accrued until the discovery by the State Air Resources Board or by a district, as defined in Section 39025 of the Health and Safety Code, of the facts constituting grounds for commencing the action under its jurisdiction.

(l) An action commenced under Section 1603.1 or 5650.1 of the Fish and Game Code. These causes of action shall not be deemed to have accrued until discovery by the agency bringing the action of the facts constituting the grounds for commencing the action.

(m) An action challenging the validity of the levy upon a parcel of a special tax levied by a local agency on a per parcel basis.

GOVERNMENT CODE

TAX COLLECTOR'S REPORT TO THE AUDITOR ASSEMBLY BILL 1301 CHAPTER 146

Section 24353 of the Government Code is amended to read:

24353. Each officer of a county or judicial district authorized to collect money shall pay into the county treasury all money collected by him or her, or under his or her control, that is payable into the treasury *in a timely manner, and shall remit fee, fine, and forfeiture data within 35 days after the end of the month in which they are collected* to the county auditor and treasurer in the form ~~and at the time~~ *they* require. No officer who collects money as described in this section shall be required to accept payment in coin. If the county auditor finds that an officer of the county *or an officer of the court* has failed to comply with the requirements for payment of moneys pursuant to this section or Section 68101, which directly results in the assessment of a financial penalty pursuant to Section 68085, the county department or local court that failed to comply shall reimburse the ~~judicial district~~ *county general fund* in an amount equal to the actual penalty. With the approval of the treasurer as provided in Section 27080.1, each depositing officer may deposit directly into the treasurer's active account all money payable into the county treasury.

KEEPER FEES SENATE BILL 1862 CHAPTER 160

Section 26726 of the Government Code is amended to read:

26726. (a) The fee for keeping and caring for property under a writ of attachment, execution, possession, or sale shall not exceed ~~seventy-five dollars (\$75)~~ *one hundred dollars (\$100)* when necessarily employed for any eight-hour period or any part thereof. If an additional keeper or keepers are required during these periods, the fee for the additional keeper or keepers shall be the same as fixed, but, in no event shall any one keeper receive more than ~~one hundred fifty dollars (\$150)~~ *one hundred seventy-five dollars (\$175)* during any 24-hour period when so employed.

(b) In addition to the fees provided by Section 26721, the fee for maintaining custody of property under levy by the use of a keeper is twenty-one dollars (\$21) for each day custody is maintained after the first day.

(c) Notwithstanding any other fee charged, a keeper shall receive ~~twenty-one dollars (\$21)~~ **twenty-five dollars (\$25)** when, pursuant to Section 26738, a levying officer prepares a not-found return.

(d) ***In addition to the fees allowed by this section, a keeper shall receive a ten dollar (\$10) per diem compensation for meals and mileage traveled in the course of performing his or her duties.***

**EDUCATION REQUIREMENTS FOR ELECTED COUNTY
TREASURERS AND TAX COLLECTORS
ASSEMBLY BILL 2052
CHAPTER 470**

Section 27000.8 of the Government Code is amended to read:

27000.8. Any duly elected county treasurer, county tax collector, or county treasurer-tax collector serving in that office on January 1, 1996, may serve for his or her remaining term of office during which period of time the requirements of this section shall not apply. After the election of a county treasurer, county tax collector, or county treasurer-tax collector to office, that person shall complete a valid continuing course of study as prescribed in this section, and shall during the person's four-year term of office on or before June 30 of the fourth year, render to the State Controller a certification indicating that the person has successfully completed a continuing education program consisting of, at a minimum, 48 hours, or an equivalent amount of continuing education units within the discipline of treasury management or public finance or both, offered by a recognized state or national association, institute, or accredited college or university, or the ***California Debt and Investment Advisory Commission***, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any elected county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

**EDUCATION REQUIREMENTS FOR APPOINTED COUNTY
TREASURERS AND TAX COLLECTORS
ASSEMBLY BILL 2052
CHAPTER 470**

Section 27000.9 of the Government Code is amended to read:

27000.9. Notwithstanding any other requirement of law, any duly appointed county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector shall, beginning in 2000, complete a valid continuing course of study as prescribed in this section, and shall, on or before June 30 of each two-year period, render to the State Controller, a certification indicating that the county officer has successfully completed a continuing education program consisting of, at a minimum, 24 hours or an equivalent amount of continuing education units within the discipline of treasury management or public finance, or both offered by a recognized state or national association, institute, or accredited college or university, ***or the***

California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

**SPECIAL PARCEL TAX COLLECTED ON THE COUNTY TAX BILL
ASSEMBLY BILL 1933
CHAPTER 342**

Section 53087.4 of the Government Code is amended to read:

53087.4. (a) In the case of a special tax levied by a local agency on a per parcel basis, both of the following conditions shall apply:

(1) A parcel created by a subdivision map approved in accordance with the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7) shall be deemed to be a single assessment unit and shall not be deemed, on the basis of multiple assessor's parcel numbers assigned by the assessor, to constitute multiple assessment units.

(2) A parcel that has not been subdivided in accordance with the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7) may be deemed to constitute a separate assessment unit only to the extent that that parcel has been previously described and conveyed in one or more deeds separating it from all adjoining property.

(b) *(1)* If the parcel identified pursuant to paragraph (1) or (2) is not consistent with the property's identification by assessor's parcel number, it shall be the responsibility of the parcel owner to provide the local taxing jurisdiction with written notice of the correct assessor's parcel number of taxable parcels pursuant to this section **90** ~~30~~ days after the initial tax bill containing the tax levy.

(2) The initial levy of any special tax that is initially imposed by a local agency on a per parcel basis on or after the operative date of the act adding this paragraph shall be billed on the annual property tax bill sent by the county tax collector.

(c) Any parcel identified pursuant to this section shall be for tax purposes only and shall not confer any entitlement on the property.

(d) This section shall not apply to any special tax levied prior to the effective date of this section.

**EASEMENT SURVIVES FORECLOSURE AND SALE OF PROPERTY
ASSEMBLY BILL 2307
CHAPTER 113**

Section 53356.9 is added to the Government Code, to read:

53356.9. (a) Notwithstanding any other provision of this chapter or any other provision of law applicable to foreclosure action, the judgment of foreclosure and sale of a lot or parcel pursuant to this chapter shall not terminate or otherwise affect the rights of the holder of an easement in that lot or parcel.

(b) No provision of this section shall be interpreted as limiting any rights otherwise agreed to under existing contract.

(4) Mitigate the financial impact of this statutory change on local governments and schools by establishing a method by which the issuance of any prior year refunds to litigating airlines would be treated as credits against future tax payments.

**PROPOSED CONSTITUTIONAL AMENDMENT
TRANSFER OF BASE YEAR VALUE
ENVIRONMENTAL PROBLEMS
ACA 22
CHAPTER 60**

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its 1997-98 Regular Session commencing on the second day of December 1996, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended by amending Section 2 of Article XIII A thereof, to read:

(a) The "full cash value" means the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, "newly constructed" does not include real property that is reconstructed after a disaster, as declared by the Governor, where the fair market value of the real property, as reconstructed, is comparable to its fair market value prior to the disaster. Also, the term "newly constructed" shall not include the portion of reconstruction or improvement to a structure, constructed of unreinforced masonry bearing wall construction, necessary to comply with any local ordinance relating to seismic safety during the first 15 years following that reconstruction or improvement.

However, the Legislature may provide that under appropriate circumstances and pursuant to definitions and procedures established by the Legislature, any person over the age of 55 years who resides in property which is eligible for the homeowner's exemption under subdivision (k) of Section 3 of Article XIII and any implementing legislation may transfer the base year value of the property entitled to exemption, with the adjustments authorized by subdivision (b), to any replacement dwelling of equal or lesser value located within the same county and purchased or newly constructed by that person as his or her principal residence within two years of the sale of the original property. For purposes of this section, "any person over the age of 55 years" includes a married couple one member of which is over the age of 55 years. For purposes of this section, "replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. For purposes of this section, a two-dwelling unit shall be considered as two separate single-family dwellings. This paragraph shall apply to any replacement dwelling that was purchased or newly constructed on or after November 5, 1986.

In addition, the Legislature may authorize each county board of supervisors, after consultation with the local affected agencies within the county's boundaries, to adopt an ordinance making the provisions of this subdivision relating to transfer of base year value also applicable to situations in which the replacement dwellings are located in that county and the original properties are located in another county within this State. For purposes of this paragraph, "local affected agency" means any city, special district, school district, or community college district that receives an annual property tax revenue allocation. This paragraph shall apply to any replacement dwelling that was purchased or newly constructed on or after the date the county adopted the provisions of this subdivision

relating to transfer of base year value, but shall not apply to any replacement dwelling that was purchased or newly constructed before November 9, 1988.

The Legislature may extend the provisions of this subdivision relating to the transfer of base year values from original properties to replacement dwellings of homeowners over the age of 55 years to severely disabled homeowners, but only with respect to those replacement dwellings purchased or newly constructed on or after the effective date of this paragraph.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

(c) For purposes of subdivision (a), the Legislature may provide that the term "newly constructed" shall not include any of the following:

(1) The construction or addition of any active solar energy system.

(2) The construction or installation of any fire sprinkler system, other fire extinguishing system, fire detection system, or fire-related egress improvement, as defined by the Legislature, that is constructed or installed after the effective date of this paragraph.

(3) The construction, installation, or modification on or after the effective date of this paragraph of any portion or structural component of a single- or multiple-family dwelling that is eligible for the homeowner's exemption if the construction, installation, or modification is for the purpose of making the dwelling more accessible to a severely disabled person.

(4) The construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies, that are constructed or installed in existing buildings after the effective date of this paragraph. The Legislature shall define eligible improvements. This exclusion does not apply to seismic safety reconstruction or improvements which qualify for exclusion pursuant to the last sentence of the first paragraph of subdivision (a).

(5) The construction, installation, removal, or modification on or after the effective date of this paragraph of any portion or structural component of an existing building or structure if the construction, installation, removal, or modification is for the purpose of making the building more accessible to, or more usable by, a disabled person.

(d) For purposes of this section, the term "change in ownership" shall not include the acquisition of real property as a replacement for comparable property if the person acquiring the real property has been displaced from the property replaced by eminent domain proceedings, by acquisition by a public entity, or governmental action that has resulted in a judgment of inverse condemnation. The real property acquired shall be deemed comparable to the property replaced if it is similar in size, utility, and function, or if it conforms to state regulations defined by the Legislature governing the relocation of persons displaced by governmental actions. The provisions of this subdivision shall be applied to any property acquired after March 1, 1975, but shall affect only those assessments of that property which occur after the provisions of this subdivision take effect.

(e) (1) Notwithstanding any other provision of this section, the Legislature shall provide that the base year value of property that is substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to comparable property within the same county that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property.

(2) Except as provided in paragraph (3), this subdivision shall apply to any comparable replacement property acquired or newly constructed on or after July 1, 1985, and to the determination of base year values for the 1985-86 fiscal year and fiscal years thereafter.

(3) In addition to the transfer of base year value of property within the same county that is permitted by paragraph (1), the Legislature may authorize each county board of supervisors to adopt, after consultation with affected local agencies within the county, an ordinance allowing the transfer of the base year value of property that is located within another county in the State and is substantially damaged or destroyed by a disaster, as declared by the Governor, to comparable replacement property of equal or lesser value that is located within the adopting county and is acquired or newly constructed within three years of the substantial damage or destruction of the original property as a replacement for that property. The scope and amount of the benefit provided to a property owner by the transfer of base year value of property pursuant to this paragraph shall not exceed the scope and amount of the benefit provided to a property owner by the transfer of base year value of property pursuant to subdivision (a). For purposes of this paragraph, "affected local agency" means any city, special district, school district, or community college district that receives an annual allocation of ad valorem property tax revenues. This paragraph shall apply to any comparable replacement property that is acquired or newly constructed as a replacement for property substantially damaged or destroyed by a disaster, as declared by the Governor, occurring on or after October 20, 1991, and to the determination of base year values for the 1991-92 fiscal year and fiscal years thereafter.

(f) For the purposes of subdivision (e):

(1) Property is substantially damaged or destroyed if it sustains physical damage amounting to more than 50 percent of its value immediately before the disaster. Damage includes a diminution in the value of property as a result of restricted access caused by the disaster.

(2) Replacement property is comparable to the property substantially damaged or destroyed if it is similar in size, utility, and function to the property that it replaces, and if the fair market value of the acquired property is comparable to the fair market value of the replaced property prior to the disaster.

(g) For purposes of subdivision (a), the terms "purchased" and "change in ownership" shall not include the purchase or transfer of real property between spouses since March 1, 1975, including, but not limited to, all of the following:

(1) Transfers to a trustee for the beneficial use of a spouse, or the surviving spouse of a deceased transferor, or by a trustee of such a trust to the spouse of the trustor.

(2) Transfers to a spouse that take effect upon the death of a spouse.

(3) Transfers to a spouse or former spouse in connection with a property settlement agreement or decree of dissolution of a marriage or legal separation.

(4) The creation, transfer, or termination, solely between spouses, of any coowner's interest.

(5) The distribution of a legal entity's property to a spouse or former spouse in exchange for the interest of the spouse in the legal entity in connection with a property settlement agreement or a decree of dissolution of a marriage or legal separation.

(h) (1) For purposes of subdivision (a), the terms "purchased" and "change in ownership" shall not include the purchase or transfer of the principal residence of the transferor in the case of a purchase or transfer between parents and their children, as defined by the Legislature, and the purchase or transfer of the first one million dollars (\$1,000,000) of the full cash value of all other real property between parents and their children, as defined by the Legislature. This subdivision shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree.

(2) (A) Subject to subparagraph (B), commencing with purchases or transfers that occur on or after the date upon which the measure adding this paragraph becomes effective, the exclusion established by paragraph (1) also applies to a purchase or transfer of real property between grandparents and their grandchild or grandchildren, as defined by the Legislature, that otherwise qualifies under paragraph (1), if all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of the purchase or transfer.

(B) A purchase or transfer of a principal residence shall not be excluded pursuant to subparagraph (A) if the transferee grandchild or grandchildren also received a principal residence, or interest therein, through another purchase or transfer that was excludable pursuant to paragraph (1). The full cash value of any real property, other than a principal residence, that was transferred to the grandchild or grandchildren pursuant to a purchase or transfer that was excludable pursuant to paragraph (1), and the full cash value of a principal residence that fails to qualify for exclusion as a result of the preceding sentence, shall be included in applying, for purposes of subparagraph (A), the one million dollar (\$1,000,000) full cash value limit specified in paragraph (1).

(i) (1) Notwithstanding any other provision of this section, the Legislature shall provide with respect to a qualified contaminated property, as defined in paragraph (2), that either, but not both, of the following shall apply:

(A) (i) Subject to the limitation of clause (ii), the base year value of the qualified contaminated property, as adjusted as authorized by subdivision (b), may be transferred to a replacement property that is acquired or newly constructed as a replacement for the qualified contaminated property, if the replacement real property has a fair market value that is equal to or less than the fair market value of the qualified contaminated property if that property were not contaminated and, except as otherwise provided by this clause, is located within the same county. The base year value of the qualified contaminated property may be transferred to a replacement real property located within another county if the board of supervisors of that other county has, after consultation with the affected local agencies within that county, adopted a resolution authorizing an intercounty transfer of base year value as so described.

(ii) This subparagraph applies only to replacement property that is acquired or newly constructed within five years after ownership in the qualified contaminated property is sold or otherwise transferred.

(B) In the case in which the remediation of the environmental problems on the qualified contaminated property requires the destruction of, or results in substantial damage to, a structure located on that property, the term "new construction" does not include the repair of a substantially damaged structure, or the construction of a structure replacing a destroyed structure on the qualified contaminated property, performed after the remediation of the environmental problems on that property, provided that the repaired or replacement structure is similar in size, utility, and function to the original structure.

(2) For purposes of this subdivision, "qualified contaminated property" means residential or nonresidential real property that is all of the following:

(A) In the case of residential real property, rendered uninhabitable, and in the case of nonresidential real property, rendered unusable, as the result of either environmental problems, in the nature of and including, but not limited to, the presence of toxic or hazardous materials, or the remediation of those environmental problems, except where the existence of the environmental problems was known to the owner, or to a related individual or entity as described in paragraph (3), at the time the real property was acquired or constructed. For purposes of this subparagraph, residential real property is "uninhabitable" if that property, as a result of health hazards caused by or associated with the environmental problems, is unfit for human habitation, and nonresidential

real property is "unusable" if that property, as a result of health hazards caused by or associated with the environmental problems, is unhealthy and unsuitable for occupancy.

(B) Located on a site that has been designated as a toxic or environmental hazard or as an environmental cleanup site by an agency of the State of California or the federal government.

(C) Real property that contains a structure or structures thereon prior to the completion of environmental cleanup activities, and that structure or structures are substantially damaged or destroyed as a result of those environmental cleanup activities.

(D) Stipulated by the lead governmental agency, with respect to the environmental problems or environmental cleanup of the real property, not to have been rendered uninhabitable or unusable, as applicable, as described in subparagraph (A), by any act or omission in which an owner of that real property participated or acquiesced.

(3) It shall be rebuttably presumed that an owner of the real property participated or acquiesced in any act or omission that rendered the real property uninhabitable or unusable, as applicable, if that owner is related to any individual or entity that committed that act or omission in any of the following ways:

(A) Is a spouse, parent, child, grandparent, grandchild, or sibling of that individual.

(B) Is a corporate parent, subsidiary, or affiliate of that entity.

(C) Is an owner of, or has control of, that entity.

(D) Is owned or controlled by that entity.

If this presumption is not overcome, the owner shall not receive the relief provided for in subparagraph (A) or (B) of paragraph (1). The presumption may be overcome by presentation of satisfactory evidence to the assessor, who shall not be bound by the findings of the lead governmental agency in determining whether the presumption has been overcome.

(4) This subdivision applies only to replacement property that is acquired or constructed on or after January 1, 1995, and to property repairs performed on or after that date.

(j) Unless specifically provided otherwise, amendments to this section adopted prior to November 1, 1988, shall be effective for changes in ownership which occur, and new construction which is completed, after the effective date of the amendment. Unless specifically provided otherwise, amendments to this section adopted after November 1, 1988, shall be effective for changes in ownership which occur, and new construction which is completed, on or after the effective date of the amendment.